

**NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
GULF OF ALASKA GROUNDFISH RATIONALIZATION
ELEMENTS AND OPTIONS
June 16, 2003**

1 Status Quo (No Action Alternative)

2 Harvest Sector Provisions

2.1 Management Areas:

Areas are Western Gulf, Central Gulf, and West Yakutat—separate areas

For Pollock: 610 (Western Gulf), 620 and 630 (Central Gulf), 640 (West Yakutat (WY))

- Shortraker and rougheye (SR/RE) and thornyhead rockfishes will be divided between Southeast Outside (SEO) and WY
- The allocation of rockfish bycatch to the halibut IFQ fishery will be on a NMFS management area basis
- Non-SR/RE and thornyhead rockfish trawl catch history in SEO during 95-98 will be used in the calculation of WYAK allocation
- SEO is exempt except for SR/RE and thornyhead rockfishes as bycatch species. Allocation will be based on target catch in sablefish, halibut, Demersal Shelf Rockfish and P. cod fishery

Gear: Applies to all gear except jig gear—

Option 1. The jig fishery would receive an allocation based on its historic landings in the qualifying years – the jig fishery would be conducted on an open access basis.

Option 2. Gear would be accounted for in a manner similar to sport halibut harvests in halibut IFQ fishery.

Suboption: Cap jig harvest at ____% of current harvest by species and area:

1. 125%
2. 150%
3. 200%

2.2 Qualifying periods and landing criteria (same for all gears in all areas)

(The analysis will assess AFA vessels as a group)

Option 1. 95-01 drop 1

Option 2. 95-02 drop 1

Option 3. 95-02 drop 2

Option 4. 98-02 drop 1

2.2.1 Qualifying landing criteria

Landings based on retained catch for all species (includes weekly processor report for Catcher/Processor sector)

NOTE: Total pounds landed will be used as the denominator.

Catch history determined based on the poundage of retained catch year (does not include meal)

Suboption: catch history for P. cod fisheries determined based on a percentage of retained catch per year (does not include meal)

2.2.2 Eligibility

LLP participation

Option 1. Eligibility to receive catch history is any person that holds a valid, permanent, fully transferable LLP license.

Suboption 1. Any person who held a valid interim LLP license as of January 1, 2003.

Suboption 2. Allow the award of retained incidental groundfish catch history arising from the halibut and sablefish IFQ fishery.

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e., moratorium qualification or LLP license) of an LLP qualifying vessel have been transferred, the distribution of harvest shares to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. (Only one catch history per LLP license.)

Option 2. Non-LLP (State water parallel fishery) participation

Suboption 1. Any individual who has imprinted a fish ticket making non-federally permitted legal landings during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

Suboption 2. Vessel owner at time of non-federally permitted legal landing during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

The Council requests NMFS RAM review LLP transfers and report on the frequency with which the transfers also include provisions governing catch history.

2.2.3 State Waters - Parallel Fisheries and State Groundfish Management

Option 1. Status Quo –Federal TAC taken in federal waters and in state waters, during a ‘parallel’ fishery, plus state-water fisheries exist for up to 25% of the TAC for Pacific cod.

Option 2. Direct allocation of portion of TAC to fisheries inside 3 nm.

No ‘parallel’ fishery designation, harvest of remaining federal TAC only occurs in federal zone (3 – 200 nm); and

Council allocates _____ % of the TAC, by species by FMP Amendment, to 0-3 nm state water fisheries representing a range of harvests that occurred in state waters. This could include harvest from the status quo parallel fishery and the state waters P. cod fisheries. State waters fisheries would be managed by ADF&G through authority of, and restrictions imposed by, the Board of Fisheries.

Area or species restrictions:

Suboption 1. Limited to Pollock, P. cod, flatfish, and/or pelagic shelf rockfish (light and dark dusky rockfishes).

Suboption 2. Limited to Western, Central GOA management areas and/or West Yakutat.

- Option 3. Parallel fishery on a fixed percentage (____ %) allocation of the federal TAC, to be prosecuted within state waters with additional State restrictions (e.g., vessel size, gear restrictions, etc to be imposed by the BOF).

Fixed allocation for:

Suboption 1. P. cod

Suboption 2. Pollock

Suboption 3. All other GOA groundfish species

Council requests that staff provide an analysis of catch data showing harvest inside 3 nm by gear, species, vessel size and area. The Council recommends that this issue be reviewed by the Joint Protocol Committee at its next meeting (tentatively identified as July 28/29 in Anchorage).

2.3 Target Species Rationalization Plan

Target Species by Gear

2.3.1 Initial Allocation of catch history

Option 1. Allocate catch history by sector and gear type

Option 2. Allocate catch history on an individual basis

a. Trawl CV and CP:

Pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, Pelagic shelf rockfish

b. Longline CV and CP:

Pacific Cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if turbot is targeted), northern rockfish, Arrowtooth flounder

c. Pot CV and CP:

Pacific Cod

2.3.2 Harvest share (or QS/IFQ) Designations

2.3.2.1 Vessel Designation of low producers and high producers in the fixed gear class.

Low producing vessels are:

Option 1. less than average harvest shares initially allocated by gear, species and area

Option 2. less than the 75th percentile harvest shares initially allocated by gear, species and area

High producing vessels are the remainder.

2.3.2.2 Harvest share sector designations:

Option 1. No designation of harvest shares (or QS/IFQ) as CV or CP

Option 2. Designate harvest shares (or QS/IFQ) as CV or CP. Annual CV harvest share allocation (or IFQ) conveys a privilege to harvest a specified amount. Annual CP harvest share allocation (or IFQ) conveys the privilege to harvest and process a specified amount. Designation will be based on:

Actual amount of catch harvested and processed onboard a vessel by species.

2.3.2.3 Harvest share gear designations

Option 1. No gear designation

Option 2. Designate harvest shares as Longline, Pot, or Trawl

Option 3. Longline and pot gear harvest shares (or IFQ) may not be harvested using trawl gear.

Option 4. Pot gear harvest shares (or IFQ) may not be harvested using longline gear

2.3.2.4 If a closed class of processor alternative is chosen, CV harvest shares will be issued in two classes. Class A shares will be deliverable to a qualified processor or processor shareholder

(as applicable). Class B shares will be deliverable to any processor as authorized under this program.

Option. Only the annual allocations will be subject to the Class A/Class B distinction. All long term shares or history will be of a single class.

2.3.3 Transferability and Restrictions on Ownership of Harvest shares (or QS/IFQ)

2.3.3.1 Persons eligible to receive harvest shares by transfer must be (not mutually exclusive):

- Option 1. US citizens who have had at least 150 days of sea time
- Option 2. Entities that have a U. S. citizen with 20% or more ownership and at least 150 days of sea time
- Option 3. Entities that have a US citizenship with 20% or more ownership
- Option 4. Initial recipients of CV or C/P harvest share
- Option 5. US Citizens eligible to document a vessel.
- Option 6. Communities would be eligible to receive harvest shares by transfer (this provision would be applicable if certain provisions of 2.9 are adopted.)

2.3.3.2 Restrictions on transferability of CP harvest shares

- Option 1. CP harvest shares maintain their designation upon transfer.
- Option 2. CP harvest shares maintain their designation when transferred to persons who continue to catch and process CP harvest shares at sea, if CP harvest shares are processed onshore after transfer, CP harvest shares converts to CV harvest shares.
- Option 3. CP harvest shares maintain their designation after transfer for 5 years following implementation, after which time any transfer of CP shares convert to CV shares.

2.3.3.3 Redesignate CP shares as CV shares upon transfer to a person who is not an initial issuee of CP shares:

- Option 1. all CP shares
- Option 2. trawl CP shares
- Option 3. longline CP shares

2.3.3.4 Vertical integration

Harvest shares initial recipients with more than 10% limited threshold ownership by any processor are capped at:

- Option 1. initial allocation of harvest CV and CP shares.
- Option 2. 115-150% of initial allocation of harvest CV shares.
- Option 3. 115-150% of initial allocation of harvest CP shares.

2.3.3.5 Definition of sea time

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.

2.3.3.6 Leasing of QS ("leasing of QS" is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20% -- same as "hired skipper" requirement in halibut/sablefish program).

- Option 1. No leasing of CV QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
- Option 2. No leasing of CP QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
- Option 3. Allow leasing of CV QS, but only to individuals eligible to receive QS/IFQ by transfer.
- Option 4. Allow leasing of CP QS, but only to individuals eligible to receive QS/IFQ by transfer.
- Option 5. Sunset [CP – CV] QS leasing provisions [3 – 5 – 10] years after program implementation.

2.3.3.7 Separate and distinct harvest share use caps

Vessel use caps on harvest shares harvested on any given vessel shall be set at two times the individual use cap for each species. Initial issues that exceed the use cap are grandfathered at their current level as of a control date of April 3, 2003; including transfers by contract entered into as of that date. Caps apply to all harvesting categories by species with the following provisions:

1. Apply individually and collectively to all harvest share holders in each sector and fishery.
 2. Percentage-caps by species are as follows (a different percentage cap may be chosen for each fishery):
 - i. Trawl CV and/or CP (can be different caps):

Use cap based at the following percentile of catch history for the following species:
(i.e., 75th percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75% of the fleet will qualify.)

pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, pelagic shelf rockfish

Suboption 1. 75 %
Suboption 2. 85%
Suboption 3. 95 %
 - ii. Longline and Pot CV and/or CP (can be different caps)
based on the following percentiles of catch history for the following species:
Pacific cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if Greenland turbot is targeted), northern rockfish
3. Conversion of CP shares:
 - i. CP shares converted to CV shares
Option 1. will count toward CV caps
Option 2. will not count toward CV caps at the time of conversion.
 - ii. Caps will be applied to prohibit acquisition of shares in excess of the cap. Conversion of CP shares to CV shares alone will not require a CP shareholder to divest CP shares for exceeding the CP share cap.

2.3.3.8 Owner On Board Provisions

Provisions may vary depending on the sector or fishery under consideration (this provision may be applied differently pending data analysis)

- i. All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares. This exemption applies only to those initially issued harvest share units.
 - Suboption 1. No owner on board restrictions.
 - Suboption 2. A portion (range of 5-100%) of the quota shares initially issued to fishers/ harvesters would be designated as "owner on board."
 - Suboption 3. All initial issues (individual and corporate) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares for a period of 5 years after implementation.
 - Suboption 4. Shares transferred to initial issuees in the first 5 years of the program would be considered the same as shares initially issued (range of 5 –100% of the quota shares). See above NOTE
 - Suboption 5. "Owner on board" shares transferred by initial issuees, after the grace period, would require the recipient to be aboard the vessel to harvest the IFQ.

Suboption 6. In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of (Range 1-3 years).

ii. Vessel categories for owner on board requirements

Option 1. No Categories

Option 2. Vessel Categories as follows

Vessels < 60'

Vessels >= 60' and < 125'

Vessels >= 125'

2.3.3.9 Overage Provisions

i. Trawl CV and CP:

Suboption 1. Overages up to 15% or 20% of the last trip will be allowed— greater than a 15% or 20% overage result in forfeiture and civil penalties. An overage of 15% or 20% or less, results in the reduction of the subsequent year's annual allocation or IFQ. Underages up to 10% of last trip harvest shares (or IFQ) will be allowed with an increase in the subsequent year's annual allocation (or IFQ).

Suboption 2. Overage provisions would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be charged if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

ii. Longline and pot CV and CP:

Overages up to 10% of the last trip will be allowed with rollover provisions for underages— greater than a 10% overage results in forfeiture and civil penalties. An overage of less than 10% results in the reduction of the subsequent year's annual allocation or IFQ. This provision is similar to that currently in place for the Halibut and Sablefish IFQ Program (CFR 679.40(d)).

Suboption. Overages would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be allowed if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

2.3.3.10 Retention requirements for rockfish, sablefish and Atka mackerel:

Option 1. no retention requirements.

Option 2. require retention (all species) until the annual allocation (or IFQ) for that species is taken with discards allowed for overages

Option 3. require 100% retention (all species) until the annual allocation (or IFQ) for that species is taken and then stop fishing.

2.3.3.11 Limited processing for CVs

Option 1. No limited processing

Option 2. Limited processing of rockfish species by owners of CV harvest shares is allowed up to 1 mt of round weight equivalent of rockfish per day on a vessel less than or equal to 60ft LOA.

2.3.3.12 Processing Restrictions

Option 1. CPs may buy CV fish

Suboption. 3 year sunset

Option 2. CPs would be prohibited from buying CV fish

Option 3. CPs are not permitted to buy fully utilized species (cod, pollock, rockfish, sablefish, and allocated portion of flatfish) from CVs.

Suboption. Exempt bycatch amounts of these species delivered with flatfish.

2.4 Allocation of Bycatch Species

Thornyhead, roughey, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish

Includes SEO shortraker, roughey, and thornyhead rockfish.

i. Allocation of shares

Option 1. Allocate shares to all fishermen (including sablefish & halibut QS fishermen) based on fleet bycatch rates by gear:

Suboption 1. based on average catch history by area and target fishery

Suboption 2. based on 75th percentile by area by target fishery

Option 2. Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.

Suboption 1. Other slope rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached.

Suboption 2. Pro-rata bycatch reduction allowances in open access fisheries reduced from historical bycatch rates at :

i. 5%

ii. 10%

iii. 15%

Option 3. Bycatch allocations will be awarded to the owners of sablefish and halibut QS, rather than the LLP holders.

ii. Include these species for one gear type only (e.g., trawl). Deduct the bycatch from gear types from TAC. If deduction is not adequate to cover bycatch in other gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.

iii. Retain these species on bycatch status for all gear types with current MRAs.

iv. Allow trawl sablefish catch history to be issued as a new category of sablefish harvest shares ("T" shares) by area. "T" shares would be fully leasable, exempt from vessel size and block restrictions, and retain sector designation upon sale.

Suboption. These shares may be used with either fixed gear or trawl gear.

v. Permit transfer of bycatch QS

Option 1. Groundfish harvest shares and bycatch shares are non-separable and must be transferred as a unit.

Option 2. Groundfish harvest shares and bycatch shares are separable and may be transferred separately

2.5 PSC Species

2.5.1 Accounting of Halibut Bycatch

Pot vessels continue their exemption from halibut PSC caps.

Hook and line and trawl entities

Option 1. Same as that under IFQ sablefish and halibut programs

Option 2. Cooperatives would be responsible for ensuring the collective halibut bycatch cap was not exceeded

Option 3. Individual share or catch history owners would be responsible to ensure that their halibut bycatch allotment was not exceeded

2.5.2 Halibut PSC Allocation

Each recipient of fishing history would receive an allocation of halibut mortality (harvest shares) based on their allocation of the directed fishery harvest shares. Bycatch only species would receive no halibut allocation.

Initial allocation based on average halibut bycatch by directed target species during the qualifying years. Allocations will be adjusted pro rata to equal the existing PSC cap.

By sector average bycatch rates by area by gear:

- Option 1. Both sectors
 - Option 2. Catcher Processor/Catcher Vessel
- 2.5.3 Annual transfer/Leasing of Trawl or Fixed Gear Halibut PSC mortality
Halibut PSC harvest shares are separable from target groundfish harvest shares and may be transferred independently within sectors. When transferred separately, the amount of Halibut PSC allocation would be reduced, for that year, by:
- Option 1. 0%
 - Option 2. 5%
 - Option 3. 7%
 - Option 4. 10%
 - Option 5. Exclude any halibut PSC transferred for participation in the incentive fisheries
- 2.5.4 Permanent transfer of Halibut PSC harvest share mortality
- Option 1. Groundfish harvest shares and Halibut PSC harvest shares are non-separable and must be transferred as a unit
Suboption. exempt Pacific cod
 - Option 2. Groundfish harvest shares and Halibut PSC harvest shares are separable and may be transferred separately
- 2.5.5 Retention of halibut bycatch by longline vessels
Halibut bycatch may be retained outside the halibut season from Jan 30 to start of commercial fishery, and from end of commercial fishery through December 15.
- Option 1. retention is limited to (range 10-20%) of target species
 - Option 2. permit holder must have sufficient harvest shares (or IFQ) to cover landing
- 2.6 Incentive species
Arrowtooth flounder, deepwater flatfish, flathead sole, rex sole, shallow water flatfish.
- Owners of shares must utilize all their shares for an incentive species before participating in incentive fishery for that species.
- Option. The portion of historic unharvested West Yakutat TAC will be made available as an incentive fishery, subject to provision of incentive fisheries
- 2.6.1 Eligibility to fish in the incentive fisheries
- A. The unallocated QS for the incentive fisheries are available for harvest, providing the vessel has adequate PSC and bycatch species and the vessel is a member of a GOA fishing cooperative.
 - B. Any quota holder qualified to be in a coop.
- 2.6.2 Catch accounting for the incentive fisheries – Allocated QS and Incentive fishery quota
- Option 1. The individual coop member's apportionment of the allocated incentive species QS must be used prior to the individual gaining access to the incentive fishery unallocated portion. The coop will notify NMFS when a vessel enters the incentive fishery quota pool.
 - Option 2. The coop's allocation of incentive species QS must be fished before gaining access to the unallocated portion of the incentive species quotas. The coop members through a contractual coop agreement will address catch accounting amongst the coop members.
 - Option 3. For vessels not participating in a sector coop, the unallocated incentive species are available for harvest once the non-coop sector's allocation of the incentive species has been used or individual IFQ holder's allocation of the incentive species has been used.

- 2.7 Preserving entry level opportunities for P. cod
- 2.7.1 P. cod harvest share for H&L and pot lowest producer would remain “tied” to a block of quota and could only be permanently sold or transferred as a block.
Option 1. 10,000 pounds constitutes one block
Option 2. 20,000 pounds constitutes one block
- 2.7.2 Eligible participants would be allowed to hold a maximum of:
Option 1, 1 block
Option 2. 2 blocks
Option 3. 4 blocks
Suboption. Lowest producer harvest shares earned as a bycatch in the halibut sablefish ITQ program would be exempt from the block program

2.8 Skipper/Crew

A skipper is defined as the individual owning the Commercial Fishery Entry Permit and signing the fish ticket.

- Option 1. No skipper and/or crew provisions
Option 2. Allocate to skippers and/or crew
Suboption 1. Initial allocation of 5% shall be reserved for captains and/or crew
Suboption 2. Initial allocation of 10% shall be reserved for captains and/or crew
Suboption 3. Initial allocation of 15% shall be reserved for captains and/or crew
Option 3. Establish license program for certified skippers. For initial allocation Certified Skippers are either:
i. Vessel owners receiving initial QS or harvest privileges; or
ii. Hired skippers who have demonstrated fishing experience in Federal or State groundfish fisheries in the BSAI or GOA for 3 out of the past 5 years as documented by a CFEC permit and signed fish tickets and/or appropriate NMFS documentation (starting date for five years is 2003).
Suboption 1. include crew in the license program.
Suboption 2. require that new Certified Skippers licenses accrue to individuals with demonstrated fishing experience (Groundfish – BSAI/GOA, state or federal waters) similar to halibut/sablefish program.

Under any alternative that establishes QS and annual harvest privileges, access to those annual harvest privileges is allowed only when fishing with a Certified Skipper onboard. Certified Skipper Licenses are non-transferable. They accrue to an individual and may not be sold, leased, bartered, traded, or otherwise used by any other individual.

Defer remaining issues to a trailing amendment and assumes simultaneous implementation with rationalization program.

2.9 Communities

Note: Bering Sea/Aleutian Islands communities (CDQ or otherwise) and communities adjacent to the Eastern GOA regulatory area Southeast Outside District (except Yakutat) will not be included in any Gulf rationalization community protection programs.

2.9.1 Regionalization

Regionalization options may be selected under any of the proposed alternatives for Gulf rationalization.

If adopted, all processing licenses (for shorebased and floating processors) will be categorized by region.

- Processing licenses that are regionally designated cannot be reassigned to another region.
- Catcher vessel harvest shares are regionalized based on where the catch was processed, not where it was caught.
- Catcher processor shares and incentive fisheries are not subject to regionalization.
- Qualifying years to determine the distribution of shares between regions will be consistent with the preferred alternative under “Section 2.2 Qualifying Periods”.

Central Gulf: Two regions are proposed to classify harvesting shares: North - South line at 58° 51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area) extending west to east to the intersection with 140° W long, and then southerly along 140° W long.).

The following fisheries will be regionalized for shorebased (including floating) catch and subject to the North - South distribution: Pollock in Area 630; CGOA flatfish (excludes arrowtooth flounder); CGOA Pacific ocean perch; CGOA northern rockfish and pelagic shelf rockfish (combined); CGOA Pacific cod (inshore); GOA sablefish (trawl); WY pollock

2.9.2 Community Fisheries Quota (CFQ)

2.9.2.1 Administrative Entity

- Option 1. Gulf wide administrative entity
- Option 2. Regional administrative entities (Western Gulf, Central Gulf, Eastern Gulf)
- Option 3. Multi-community administrative entities
- Option 4. The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS.

2.9.2.2 Eligible Communities

- Option 1. Population (based on 2000 Census):
 - a. Less than 1,500
 - b. Less than 2,500
 - c. Less than 5,000
 - d. Less than 7,500
- Option 2. Geography
 - a. Coastal Communities without road connections to larger community highway network
 - b. Coastal communities adjacent to salt water
 - c. Communities within 10 nautical miles of the Gulf Coast
 - d. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.
- Option 3. Historic Participation in Groundfish Fisheries
 - a. Communities with residents having commercial permit and fishing activity as documented by CFEC in the last ten years (1993 - 2002)
 - b. Communities determined by the State of Alaska to have met the customary and traditional use threshold for halibut
- Option 4. Government Structure
 - a. Communities recognized by the State of Alaska as a first class, second class, or home rule municipality
 - b. All other eligible communities

2.9.2.3 Species

- Option 1. All rationalized groundfish species
- Option 2. Limited to species that can be caught without (hard on) bottom trawling

2.9.2.4 Allocation

- Option 1. 5% of annual TAC
- Option 2. 10% of annual TAC
- Option 3. 15% of annual TAC

2.9.2.5 Harvesting of Shares

- Option 1. Limited to residents of eligible communities that own their vessels
- Option 2. Limited to residents of eligible communities
- Option 3. No limitations on who harvests shares
- Option 4. No offshore leases to CPs.

2.9.2.6 Use of Revenue

- Option 1. Community development projects that tie directly to fisheries or fishery related projects and education.
- Option 2. Community development projects that tie directly to fisheries and fisheries related projects, education and government functions.
- Option 3. Education, social and capital projects within eligible communities as well as governmental functions.

2.9.2.7 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation.

2.9.2.8 Administrative Oversight

A report submitted to NMFS detailing the use of QS by the administrative entity. The required elements and timing of the report will be outlined in regulation.

2.9.3 Community Purchase Program

2.9.3.1 Administrative Entity

Option. The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS.

2.9.3.2 Eligible communities

Option 1. Population (based on 2000 Census):

- a. Less than 1,500
- b. Less than 2,500
- c. Less than 5,000
- d. Less than 7,500

Option 2. Geography

- a. Coastal Communities without road connections to larger community highway network
- b. Coastal communities adjacent to salt water
- c. Communities within 10 nautical miles of the Gulf Coast
- d. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.

Option 3. Historic Participation in Groundfish Fisheries

- a. Communities with residents having commercial permit and fishing activity as documented by CFEC in the last ten years (1993 - 2002)
- b. Communities determined by the State of Alaska to have met the customary and traditional use threshold for halibut

Option 4. Government Structure

- a. Communities recognized by the State of Alaska as a first class, second class, or home rule municipality
- b. All other eligible communities

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The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation.

2.9.3.4 Administrative Oversight

A report submitted to NMFS detailing the use of QS by the administrative entity. The required elements and timing of the report will be outlined in regulation.

2.9.4 Community Incentive Fisheries Trust (CIFT)

The CIFT has full ownership of CIFT harvest shares and holds these shares in trust for the communities, processors and crewmembers in the region to use as leverage to mitigate impact directly associated with implementation of a rationalization program.

2.9.4.1 Harvest Share Distribution

10-30 % of harvest shares shall be originally reserved for GOA CIFT associations. These harvest shares will be a pool off the top before individual distribution of harvest shares.

2.9.4.2 CIFT Designation

Option 1. One CV CIFT for entire GOA (exclude SEO)

Option 2. Regional CV CIFTs:

Suboption 1. Central GOA (Kodiak, Chignik)

Suboption 2. Western GOA

Suboption 3. North Gulf Coast (Homer to Yakutat)

Option 3. CP-based CIFT

Defer remaining issues to a trailing amendment

2.10 PSC for Crab and Salmon

The Council requests that staff prepare a discussion paper showing historical data for the bycatch of salmon and crab by species, area, and year for areas subject to the GOA rationalization program. The Council intends to review these data and develop bycatch measures for salmon and crab which will be implemented as part of this rationalization program. The Council intends to develop options for analysis that could be incorporated no later than the October 2003 meeting.

2.11 Review and Evaluation

2.11.1 Data collection.

A mandatory data collection program would be developed and implemented. The program would collect cost, revenue, ownership and employment data on a periodic basis to provide the information necessary to study the impacts of the program. Details of this program will be developed in the analysis of the alternatives.

2.11.2 Review and Sunset

- Option 1. The program would sunset unless the Council decides to continue or amend the program. The decision of whether to continue or amend would be based on a written review and evaluation of the program's performance compared to its objectives.
 - Suboption 1. 5 years after fishing under the program
 - Suboption 2. 7 years after fishing under the program
 - Suboption 3. 10 year schedule after fishing under the program
 - Suboption 4. No sunset provision.
- Option 2. Formal program review at the first Council Meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities, by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.

2.12 Sideboards

GOA Groundfish sideboards under the crab rationalization plan and under the AFA would be superseded by the GOA rationalization program allocations upon implementation.

Participants in the GOA rationalized fisheries are limited to their historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.

Vessels (Steel) and LLPs used to generate harvest shares used in a co-op may not participate in other federally managed open access fisheries in excess of sideboard allotments.

Participants in the GOA rationalized fisheries are limited to their aggregate historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.

The Council noted its intent to further develop sideboard measures for analysis.

3 Processing Sector Provisions

3.1 Provisions for a Closed Class of Processors

3.1.1 Harvester Delivery requirements

3.1.1.1 Closed class delivery requirements

3.1.1.1 Option 1. 50-100% of CV harvest share allocation will be reserved for delivery to:

- i. the linked qualified closed trawl or fixed class processor.
 - ii. any qualified closed trawl or fixed or large or small class processor
- The remaining (50 -0%) CV harvest share allocation can be delivered to:
- i. any processor excluding CPs
 - ii. any processor including CPs

Option 2. Low producing vessels are exempt from closed class delivery requirements

3.1.1.2 Linkage:

- Option 1. A harvester's processor linked shares are associated with the qualified fixed or trawl closed class large or small processor to which the harvester delivered the most pounds of groundfish during
- Option 2. the last ____ years of the harvester allocation base period.
 - i. 1
 - ii. 2
 - iii. 3

If the processor with whom the harvester is associated with is no longer operating, the harvester is eligible to deliver to any qualified processor.

The Council requests that staff provide a discussion paper addressing the effect of a use cap on the number of processors in a region.

3.1.1.3 Penalties for moving between linked processors

- Option 1. No share reduction for moving between processor year to year
- Option 2. Share reductions of 10-20% each time a harvester moves to a different linked processor for:
 - i. 1 year
 - ii. 2 years
 - iii. 4 years
 The share reduction shall be redistributed to:
 - i. The shareholders in association with that processor that the shareholder left (if it continues to exist).
 - ii. To all cooperatives in the sector on a pro rata basis. (applies if mandatory cooperatives)
- Option 3. Penalty to move depends on the amount of open access B share fish. Vessel leaves A share for one year.
 Suboption: Penalty applies to both A and B shares.

Closed A share class	Open B share class	Penalty on total amount of A and B shares	Ratio of penalty on A shares to B shares
90%	10%	10%	9:1 (9%)
80%	20%	20%	4:1 16%)
70%	30%	30%	7:3 (21%)
60%	40%	40%	3:2 (24%)
50%	50%	50%	1:1 (25%)

- Option 4. One year penalty in open access.
- Option 5. No penalty. Movement allowed only upon agreement between Coop members and affiliated processor.

3.1.1.4 Low producing vessel provisions

- i. Low producing vessels are defined as:
 - Option 1. H&L or pot CVs receiving less than average QS initially allocated by gear, species and area
 - Option 2. H&L or pot CVs receiving less than the 75th percentile QS initially allocated by gear, species and area
- ii. Provisions for low producing vessels
 - Option 1. Low producing vessels are exempt from closed class delivery provisions
 - Option 2. Subject to block program.

3.1.2. Closed Class Processor Qualifications

- 3.1.2.1 To purchase groundfish required to be delivered to a qualified processor must have purchased and processed a minimum amount of groundfish as described below in at least 4 of the following years:
 - Option 1. 1995-99.
 - Option 2. 1995-01
 - Option 3. 1995-02

- Option 1. a. Trawl eligible Processors
 - Suboption 1. 2000 mt
 - Suboption 2. 1000 mt
 - Suboption 3. 500 mt

- b. Fixed gear eligible Processors
 - Suboption 1. 500 mt
 - Suboption 2. 200 mt
 - Suboption 3. 50 mt
 - c. Trawl and Fixed gear eligible processors
 - Meet criteria for both the closed class trawl process catch and closed class fixed gear process catch as described above

 - Option 2.
 - a. Large closed class processor
 - Suboption 1. 2000 MT
 - Suboption 2. 1000 MT
 - Suboption 3. 500 MT

 - b. Small closed class processor
 - Suboption 1. 500 MT
 - Suboption 2. 200 MT
 - Suboption 3. 50 MT

 - c. Open class processor – no groundfish landing qualifications – can purchase any amount of open class B share QS.

 - 3.1.2.2 Processor history would be credited to (and licenses would be issued to):
 - Option 1. Operator – must hold a federal or state processor permit.
 - Option 2. Facility owner
 - Suboption. Custom processing history would be credited to:
 - i. the processor that physically processes the fish
 - ii. the processor that purchases the fish and pays for processing

 - 3.1.2.3 Transferability of eligible processor licenses
 - Processor licenses can be sold, leased, or transferred.
 - Option 1. Within the same community
 - Option 2. Within the same region

 - 3.1.2.4 Processing Use caps by closed class processor type (trawl, fixed or trawl and fixed (low or large), by CGOA and WGOA regulatory areas:
 - Option 1. Range 70% to 130% of TAC processed for all groundfish species for the largest closed class processor
 - Option 2. Processing use caps for small closed class processors
 - i. 1000 to 2000 MT
 - ii. 2000 to 3000 MT
- (Note: There is no limit on the amount of fish either a small or large closed class processor can buy from the open B share classed fish)
- 3.1.2.5 Processing Caps may apply at:
 - Option 1. the facility level
 - Option 2. the entity level

 - 3.1.2.6 Closed class license ownership restrictions on processors
 - Option 1. No restrictions
 - Option 2. Trawl/fixed license holders cannot hold any additional fixed gear only licenses.
 - Option 3. Large closed class processors cannot hold small closed class processors licenses.

4 Cooperative Provisions

4.1 Cooperative type (voluntary or mandatory)

- Option 1. Cooperative membership will be voluntary (i.e., harvest shares (IFQ) will be allocated to non-members)
- Option 2. Cooperative membership will be mandatory (i.e., harvest shares will be allocated only to cooperatives)

4.2 Cooperative formation

4.2.1 Co-ops can be formed between holders of harvest shares or history of:

- i. any type
- ii. the same area, gear, vessel type (CV or C/P), and/or vessel length class.
- iii. the following classes of shares/history
 - CV trawl
 - CV longline
 - CV pot
 - C/P trawl
 - C/P longline
 - C/P pot
- iv. All CV in the same area (WGOA and CGOA & WY combined)
 - CV trawl
 - CV fixed gear
 - CV longline
 - CV pot

Each group of share/history holders of a defined class that may form cooperatives is defined as a “sector.”

4.2.1.1 Coop/processor affiliations

- Option 1. No association required between processors and coops
- Option 2. CV cooperatives must be associated with
 - a) a processing facility
 - b) a processing company

The associated processor must be:

- a) a licensed processor
- b) a qualified processor (if closed processor class is selected)
- c) a closed class processor to which the share holder’s shares are linked
- d) any processing share holder (if processor shares are selected) (*note: should be deleted*)

- Option 3. A harvester is eligible to join a cooperative associated with the qualified fixed or trawl closed class large or small processor to which the harvester delivered the most pounds of groundfish during the last [1, 2, or 3] years of the harvester allocation base period. If the processor with whom the harvester is eligible to form a coop is no longer operating, the harvester is eligible to join a coop with any qualified processor.

- Suboption 1. Processors can associate with more than one co-op
- Suboption 2. Processors are limited to 1 co-op per plant for each sector.
- Suboption 3. Processor affiliated vessels may join coops. (*moved from header*)

Note: A processor association will not be required for a C/P cooperative.

4.2.2 Cooperatives are required to have at least:

- Option 1. 4 distinct and separate harvesters (using the 10% threshold rule)
- Option 2. 50-100 percent of the harvest shares (or catch history) of its sector (may choose different percentages for different sectors)
- Option 3. 50-100% of shareholder entities belonging to its sector. Council may choose different percentages for different sector.
- Option 4. 50-75 percent of the harvest shares (or catch history) of the eligible harvest share (or catch history) for each coop associated with its processor

Note: Requirements may differ across sectors (or for CV and CP cooperatives)

4.2.3 Duration of cooperative agreements:

- Option 1. 1 year
- Option 2. 3 years
- Option 3. 5 years

4.2.4 Allocation Prerequisites

Allocations to CV co-ops will only be made under the following conditions:

Required Co-op agreement elements:

Harvesters and processors are both concerned that rationalization will diminish their current respective bargaining positions. Therefore, a pre-season co-op agreement between eligible, willing harvesters and an eligible, and willing processor is a pre-requisite. The co-op agreement must contain a fishing plan for the harvest of all co-op fish.

4.3 Rules Governing Cooperatives

4.3.1 Annual Allocations

- Option 1. Annual allocations of cooperative members would be issued to the cooperative.
- Option 2. Annual allocation of the sector would be issued to the sector cooperative (if “true” sector cooperative alternative is selected)

- Co-op members may internally allocate and manage the co-op’s allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.
- Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op’s allocation of target species, non-target species and halibut mortality, as may be adjusted by interco-op transfers.
- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement. Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.
- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).

4.4 Ownership and Use Caps and Underages

4.4.1 Set co-op use caps at 25 to 100% of total TAC by species (must choose 100 percent for a “true” sector cooperative)

4.4.2 Coop use caps for harvest shares on any given vessel shall be:

- Option 1. Set at the same level as the individual vessel level.
- Option 2. 3 times individual vessel use cap.
- Option 3. No use caps

- To effectively apply individual ownership caps, the number of shares or history that each cooperative member could hold and bring to cooperatives would be subject to the individual ownership caps (with

initial allocations grandfathered). Transfers between cooperatives would be undertaken by the members individually, subject to individual ownership caps.

- Underage limits would be applied in the aggregate at the co-op level

4.5 Movement between cooperatives

4.5.1 Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.
- Option 3. No movement in the first two years

4.5.2 License Transfers Among Processors (applies only if closed class of processors)

- Option 1. any cooperative association with that license will transfer to the processor receiving the license. All harvest share/history holders will be subject to any share reduction on departing the cooperative, as would have been made in the absence of the transfer.
- Option 2. any cooperatives associated with the license will be free to associate with any qualified processor. Harvest share/history holders in the cooperative will be free to move among cooperatives without share/history reduction.

4.6 Non-Members of Cooperatives (applies only if mandatory cooperatives)

4.6.1 Harvest share/history holders that do not choose to join a co-op

- Option 1. May fish in open access, provided NMFS determines that the non-cooperative allocation is sufficient to conduct an open access fishery. The open access fishery will be comprised of all shares of harvesters that are not cooperative members of the same sector (i.e., area, vessel type (CV or C/P), and/or gear). NMFS will have the discretion to determine the distribution of bycatch among target species open access fisheries from shares of harvesters holding bycatch shares for multiple target fisheries.
- Option 2. Are not allowed to participate in the rationalized fisheries until they join a co-op.

TRAILING AMENDMENTS

The Council intent is for these trailing amendments to be implemented simultaneously with the main rationalization program.

1.Fee and Loan Program

2.Skipper/Crew Share Program issues

3.Remaining issues of CIFT program